

SURREBUTTAL TESTIMONY

OF

JUDITH R. MARSHALL

TELECOMMUNICATIONS DIVISION

ILLINOIS COMMERCE COMMISSION

ILLINOIS BELL TELEPHONE COMPANY
d/b/a AMERITECH ILLINOIS

DOCKET NOS. 98-0252/0335
CONSOLIDATED

JANUARY 30, 2001

1 **Q. Please state your name and business address.**

2

3 A. My name is Judith R. Marshall and my business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5

6 **Q. By whom are you employed and in what capacity?**

7

8 A. I am employed by the Illinois Commerce Commission ("Commission") as an
9 Economic Analyst in the Telecommunications Division.

10

11 **Q. Are you the same Judith R. Marshall that has previously offered pre-filed**
12 **testimony in this docket?**

13

14 A. Yes, I am. My direct testimony in this case is presented in ICC Staff Exhibit 4.0, with
15 its attachments, and my rebuttal testimony is presented in ICC Staff Exhibit 18.0.

16

17 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

18

19 A. My surrebuttal testimony responds to the rebuttal testimony of GCI witness William
20 Dunkel regarding my proposed adjustments to the amortization of a 1994
21 accounting change.

22

23 **Q. Do any schedules accompany your surrebuttal testimony?**

24

25 A. Yes, schedule 29.1 shows my revised calculation of the FAS 71 adjustment.

26

27 **Amortization of FAS 71 Adjustment**

28

29 **Q. Please respond to Mr. Dunkel's testimony regarding the intrastate allocation**
30 **of your proposed FAS 71 adjustment. (GCI Ex. 9.0, page 44-46).**

31

32 A. Mr. Dunkel is correct that AI's calculation of depreciation and amortization expense
33 includes the full \$143.8 million FAS 71 adjustment. However, it was not necessary
34 for me to revise my adjustment on rebuttal because Staff witness Green's
35 calculation of jurisdictional depreciation and amortization expense incorporates the
36 correct allocation of this adjustment. In the event that Mr. Green's calculation is not
37 adopted by the Commission, my proposed adjustment should be increased to
38 \$143.8 million.

39

40 **Q. At pages 48-49 of his rebuttal testimony, Mr. Dunkel discusses Staff's**
41 **alternative proposal to treat the write-down of assets as a one-time event.**
42 **Does this testimony influence your position on this issue?**

43

44 A. Yes, it does. I have re-evaluated my position regarding the FAS 71 adjustment and
45 am now convinced that this alternative proposal should be adopted by the
46 Commission. The FAS 71 adjustment should be treated as a one time event
47 occurring outside of the test year. This alternative is consistent with both the FCC
48 ordered treatment (GCI Exhibit 9.14) and the Illinois Commission's previous
49 disallowance of any amortization of the Company's claimed depreciation reserve
50 deficiency in adopting the alternative regulatory plan (Docket 92-0448 Order, page
51 148). The Commission also stated in Docket 96-0486:

52 "Ameritech Illinois' arguments about underdepreciating assets
53 and the regulatory bargain are nothing more than a rehash of
54 the argument it made in the alternative regulation proceeding
55 in which it sought an adjustment to the Price Cap Index formula
56 for a purported "depreciation reserve deficiency". We rejected
57 the argument at that time and it has not improved with age."
58 (Docket 96-0486, page 70).
59

60 The adjustment presented in my direct testimony and included in Staff's calculation
61 of AI's revenue requirement should be revised as shown on the attached schedule
62 29.1.
63

64 **Conclusion**
65

66 **Q. Does this conclude your surrebuttal testimony?**
67

68 A. Yes, it does.